

NOV 27 2006

Amendments to the Specification

Please replace the paragraph beginning at page 3, line 5, with the following rewritten paragraph:

Despite the initial promise of Website-based advertisement, there challenges remain ~~several problems with existing approaches~~. Although advertisers are able to reach a large audience, they ~~are frequently~~ may be dissatisfied with the return on their advertisement investment.

Please replace the paragraph beginning at page 3, line 9, with the following rewritten paragraph:

Similarly, the hosts of Websites on which the ads are presented (referred to as "Website hosts" or "ad consumers") have the challenge of maximizing ad revenue without impairing their users' experience. Some Website hosts have chosen to place advertising revenues over the interests of users. One such Website is ~~"Overture.com"~~, which hosts a ~~so-called "search engine"~~ service returning advertisements ~~masquerading~~ as "search results" in response to user queries. The Overture.com Website permits advertisers to pay to position an ad for their Website (or a target Website) higher up on the list of purported search results. If such schemes where the advertiser only pays if a user clicks on the ad (i.e., cost-per-click) are implemented, the advertiser lacks incentive to target their ads effectively, since a poorly targeted ad will not be clicked and therefore will not require payment. Consequently, high cost-per-click ads show up near or at the top, but do not necessarily translate into real revenue for the ad publisher because viewers don't

click on them. Furthermore, ads that viewers would click on are further down the list, or not on the list at all, and so relevancy of ads is compromised.